

## Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, July 26, 2019 – Monex Group, Inc. (TSE 8698, Oki Matsumoto, Representative Executive Officer and CEO) reported today the following quarterly financial results of its wholly-owned subsidiary, Monex, Inc., for the 1<sup>st</sup> quarter of the fiscal year ending March 31, 2020 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 1<sup>st</sup> quarter of the fiscal year ending March 31, 2020 (From April 1, 2019 to June 30, 2019)

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Profit
For the 1 <sup>st</sup> quarter of the fiscal year ended June 30, 2019	6,751	5,703	521	529	373
For the 1 <sup>st</sup> quarter of the Fiscal year ended June 30, 2018	7,749	6,713	781	791	576
Change (%)	-12.9	-15.1	-33.3	-33.1	-35.2

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of June 30, 2019	663,410	49,006
As of March 31, 2019	664,322	48,602

(Please refer to Appendix for more details)

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## Appendix

### 1. Quarterly Financial Statements

#### (1) Balance Sheets

(Unit: million yen)

	As of March 31, 2019	As of June 30, 2019
<b>Current assets</b>		
Cash and deposits	115,709	111,772
Cash segregated for customers and others	277,779	280,369
Money held in trust	56,043	56,058
Trading assets	14,261	15,525
Trading securities and other	2,897	2,671
Derivatives	11,363	12,854
Margin transaction assets	138,836	135,744
Loans on margin transaction	127,743	124,913
Cash collateral pledged for securities borrowing on margin transaction	11,092	10,830
Loans secured by securities	221	1,665
Cash paid for offering	913	982
Short-term guarantee deposits	23,338	25,434
Accrued revenue	3,555	3,503
Short-term loans receivable	10,553	10,307
Other current assets	6,737	6,072
Allowance for doubtful receivables	-1	-49
<b>Total current assets</b>	<b>647,947</b>	<b>647,387</b>
<b>Non-current assets</b>		
Property, plant and equipment	601	553
Intangible assets	14,291	14,116
Investment and others	1,482	1,353
Investment securities	468	489
Long-term guarantee deposits	435	424
Deferred tax assets	371	263
Other	280	246
Allowance for doubtful receivables	-74	-70
<b>Total non-current assets</b>	<b>16,374</b>	<b>16,023</b>
<b>Total assets</b>	<b>664,322</b>	<b>663,410</b>

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(Unit: million yen)

	As of March 31, 2019	As of June 30, 2019
Current liabilities		
Trading liabilities	4,856	4,378
Derivatives	4,856	4,378
Trade date accrual	342	70
Margin transaction liabilities	32,793	30,533
Borrowings on margin transaction	3,572	3,028
Cash received as collateral for securities lending on margin transaction	29,220	27,504
Loans payable secured by securities	66,235	42,239
Deposits received	155,475	164,749
Guarantee deposits received	192,123	208,901
Short-term loans payable	47,100	47,100
Current portion of long-term loans payable	43,700	43,200
Allowance for point services	344	372
Other current liabilities	2,212	2,327
Total current liabilities	545,184	543,873
Non-current liabilities		
Long-term loans payable	69,200	69,200
Total non-current liabilities	69,200	69,200
Statutory reserve		
Financial instruments transactions reserve	1,335	1,330
Total statutory reserve	1,335	1,330
Total liabilities	615,719	614,403
Net assets		
Common stock	12,200	12,200
Capital surplus	32,569	32,569
Retained earnings	2,645	3,019
Owners' equity	47,414	47,788
Net unrealized holding gains (losses) on securities	1,187	1,217
Accumulated other comprehensive income	1,187	1,217
Total net assets	48,602	49,006
Total liabilities and net assets	664,322	663,410

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(2)Statement of income

(Unit: million yen)

	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
Operating revenue		
Commission revenue	3,538	2,748
Brokerage commission	2,885	2,154
Underwriting and distribution	22	32
Subscription and distribution	70	58
Other commissions	560	503
Net gain on trading account	943	1,103
Financial income	3,246	2,873
Other operating revenue	20	25
Total operating revenue	<u>7,749</u>	<u>6,751</u>
Financial expenses	<u>1,036</u>	<u>1,048</u>
Net operating revenue	<u>6,713</u>	<u>5,703</u>
Selling, general and administrative expenses	<u>5,932</u>	<u>5,181</u>
Operating income	<u>781</u>	<u>521</u>
Non-operating income	11	9
Non-operating expenses	1	1
Ordinary income	<u>791</u>	<u>529</u>
Extraordinary income		
Reversal of financial instruments transactions reserve	37	4
Total extraordinary income	<u>37</u>	<u>4</u>
Extraordinary loss		
Head office transfer cost	—	2
Total extraordinary loss	<u>—</u>	<u>2</u>
Income before income taxes	<u>828</u>	<u>532</u>
Income taxes - current	91	62
Income taxes - deferred	160	95
Total income taxes	<u>251</u>	<u>158</u>
Profit	<u><u>576</u></u>	<u><u>373</u></u>

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## 2. Supplementary information

### (1) Brokerage commissions

(Unit: million yen)

	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
Stocks and ETFs	2,819	2,088
Options and Futures	66	66
Total brokerage commissions	2,885	2,154

### (2) Brokerage trading value of stocks and ETFs

(Unit: million yen)

	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
Cash	1,808,214	1,211,316
Margin	1,995,105	1,677,035
Total	3,803,320	2,888,351

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## (3) Statement of income for each quarter

(Unit: million yen)

	1Q of FYE Mar. 2019	2Q of FYE Mar. 2019	3Q of FYE Mar. 2019	4Q of FYE Mar. 2019	1Q of FYE Mar. 2020
Operating revenue					
Commission revenue	3,538	3,353	3,630	2,845	2,748
Brokerage commission	2,885	2,678	2,958	2,255	2,154
Underwriting and distribution	22	9	24	13	32
Subscription and distribution	70	91	137	56	58
Other commissions	560	574	510	520	503
Net gain on trading account	943	1,149	1,279	1,157	1,103
Financial income	3,246	2,565	3,031	2,175	2,873
Other operating revenue	20	26	23	26	25
Total operating revenue	7,749	7,094	7,965	6,204	6,751
Financial expenses	1,036	540	908	484	1,048
Net operating revenue	6,713	6,553	7,057	5,720	5,703
Selling, general and administrative expenses	5,932	5,794	5,866	5,689	5,181
Operating income	781	759	1,190	31	521
Non-operating income	11	10	8	11	9
Non-operating expenses	1	2	1	3	1
Ordinary income	791	768	1,197	39	529
Extraordinary income					
Reversal of financial instruments transactions reserve	37	-	-0	-	4
Total extraordinary income	37	-	-0	-	4
Extraordinary loss					
Impairment loss on non-financial assets	-	-	-	1,869	-
Loss on disposal of fixed assets	-	-	-	-	2
Total extraordinary loss	-	-	-	1,869	2
Income or loss before income taxes	828	768	1,197	-1,830	532
Income taxes - current	91	279	420	-28	62
Income taxes - deferred	160	-34	-53	-559	95
Total income taxes	251	244	367	-587	158
Profit or loss	576	523	830	-1,242	373

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